

South Carolina Retirement SYSTEMS UPDATE




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No Y2K problems anticipated

As the year 2000 fast approaches, the South Carolina Retirement Systems continues its efforts to ensure the integrity of your membership data and to provide uninterrupted service when the last second of 1999 passes.

Our Data Processing staff started planning for this event in 1994 when our computer re-engineering project began. They are making sure all hardware, software, and systems are Year 2000 (Y2K) compliant. All applications developed by agency staff meet the requirements. All hardware, software, and integral systems obtained from outside vendors are verified and documented as Y2K compliant before we purchase them.

We do not anticipate any Y2K problems, and we expect to complete our final testing this summer with weekend test runs. 

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SOUTH CAROLINA DEFERRED COMPENSATION UPDATE


—from Bob Toomey, Director, S.C. Retirement Systems

Congratulations to Kirke Van Orsdel (KVI), a division of Seabury & Smith, Inc., and Great West Life on the renewal of their contracts as the Administrator and Recordkeeper for the South Carolina Deferred Compensation plans. As many of you probably know, KVI and Great West Life have held these positions for the last five years under their recently expired contract. The Deferred Compensation Commission is pleased to have them still on board. Thanks to their history with the program, participants will experience a very smooth transition—which is an even bigger plus!

Wondering what prompted the renewal of the contracts? State law requires that all government contracts be reviewed and bid every few years. Last May, the Commission issued a request for proposal (RFP) in anticipation of the fast-approaching December 1998 contract termination date. This RFP solicited responses from those companies that were interested in bidding on the new contracts. The Commission reviewed responses to the RFP, rated these responses according to established criteria, met with finalists, and made their final selection in August. The evaluation committee selected KVI and Great West Life based on their scores in five categories: experience and reliability, method of performance, cost and cost efficiency, expertise of personnel, and systems capabilities. The contract went into effect January 1, 1999.

What does this process mean to participants in the program? The process illustrated the benefit of reviewing contractual relationships and helped the Commission achieve its goal of improving services to plan participants. The Commission attained a 12.5 basis point reduction in fees charged against the plan's assets. This means a savings of approximately \$1.5 million a year to the plan, which benefits all participants. Also is the intention to provide participants with more timely newsletters updating them on their investments and other pertinent deferred compensation issues. Always dedicated to providing the best services possible, the Deferred Compensation Commission is pleased with these positive changes.

In other news, the Administrator of the deferred compensation program recently developed a website (www.sc.hrbenefits.com) which is available to all participants. This site provides information regarding investments, yields, asset allocation, and related data, as well as offering on-line individual account information and transactions. If you haven't already, please be sure to check it out.

Next on the Commission's slate is a review of the fixed income options. And, in the state legislature, there is great interest and discussion on the possibility of matching contributions for participants in the plan. Look for more information on this and other deferred compensation news in future *Systems Updates*. If you have any questions or want more information about the S.C. Deferred Compensation Program, contact them at 1-803-734-9700 or toll free at 1-800-922-1380. Also, visit the new website at www.sc.hrbenefits.com. The Commission looks forward to hearing from you! 



Internet

For the first time ever, South Carolina taxpayers will be able to submit their South Carolina tax returns from the Department of Revenue's website at no cost (www.dor.state.sc.us).

While the planned system is not intended to compete with full-function commercial tax preparation software, it will perform basic mathematical checking and will provide taxpayers with an on-line confirmation that the return has been received.

Taxpayers were able to file their returns over the Internet last year, but had to pay a fee for the commercial software which allowed the return to be submitted.

Most common tax returns will be accepted over the Internet, including the SC1040 long form, SC1040A short form, SC1040NR nonresident form, Schedule TC tax credit form, SC2210 underpayment form, SC4972 lump-sum distributions and the new I-319 tuition tax credit form.

Details of the on-line filing program are being finalized and will be made available as quickly as possible. Check the Department of Revenue's website for more information as it becomes available:

www.dor.state.sc.us

Telefile


In another change for the 1999 tax season, taxpayers who are married filing jointly may file their 1998 state income tax returns using *Telefile*. Because of the huge success of *Telefile*, the Department of Revenue is ex-

panding the program so even more taxpayers may participate. *Telefile* has been available since January 11 and will continue until April 30.

Taxpayers who may use *Telefile* are single or married filing jointly, with no dependents, who do not itemize their deductions, and have taxable incomes of \$100,000 or less. Taxpayers must live at the same address as last year and may file either refund or tax-due returns. If additional tax is due, taxpayers will receive a payment voucher in the mail which must be returned with a check by April 15.

To be eligible to use *Telefile*, taxpayers must receive the 1999 *Telefile* instruction package in the mail. *Telefile* packages are mailed to taxpayers based on their filing status last year. Those who do not receive a *Telefile* package may not participate in the program.

Telefile benefits the state economically by eliminating the need for additional employees to process paper tax returns. Because of this time savings, taxpayers also benefit by receiving their refunds in less than three weeks—half the time it takes to process a refund from a paper return. Another benefit to the *Telefile* program is the ability to use direct deposit for refund checks.


The Department of Revenue has led the nation in *Telefile* participation every year since the program began. For more information, call the Department of Revenue's Tax Helpline at 1-800-763-1295 or visit the local office nearest you. 

Taxpayers find relief in tuition credit deduction

Parents with children in college will find welcome relief on their South Carolina tax return this year. A tuition tax credit passed by the legislature will allow a credit of up to \$850 per year for tuition paid to state colleges.


The credit is available to the person who actually paid the tuition—the parents or the student. The credit is a maximum \$850 each year for four years for students in four-year colleges and \$350 each year for students in two-year colleges. Students must have graduated from a South Carolina high school in May 1997 or later and must complete 15 course hours each semester. The credit is available for tuition paid to all public colleges and most private colleges.

The tax credit is refundable, so even if taxpayers are not required to file a tax return, they should file the return to claim a refund for the amount of the credit. A new form for claiming the credit, I-319, is included in all income tax packages. Detailed instructions are included with the form.

For more information, call the Department of Revenue at 803-898-5709 or visit the local office nearest you. 

Employer Services moves into the information age

The South Carolina Retirement Systems recently distributed the *Benefit Estimate System* (BEST) diskettes to many employers. BEST provides a tool for employers to assist Retirement System members in estimating monthly retirement benefits. Employers have reported that BEST allows them to offer more assistance to their employees in planning for the future and retirement.

The Retirement Systems is also preparing for the delivery of an electronic data interchange system. The *Electronic Employer Services* program (EES) will deliver Retirement Systems information electronically to employers. This program will further enable employers to offer better assistance directly to members on retirement issues and help speed the processing of retirement information. 

Welcome

new members

During 1998, the employers listed below joined the South Carolina Retirement Systems. If you are a current or former employee and are an active member of SCRS or PORS, you may be eligible to purchase additional service credit for previous work with these employers as well as for other non-member service, such as school bus driving, etc. Contact your personnel/benefits office or the Retirement Systems at 1-800-868-9002 (in S.C.) or 803-737-6800 for additional information.

TOWN OF SYCAMORE

ANDERSON COUNTY FIRE

PROTECTION COMMISSION

TOWN OF RUBY

DORCHESTER COUNTY HUMAN

DEVELOPMENT BOARD

TOWN OF ANDREWS

PIEDMONT PARK FIRE DISTRICT

TOWN OF CARLISLE

UNION COUNTY COUNCIL ON AGING

CATAWBA AREA AGENCY ON AGING

YORK COUNTY COUNCIL ON AGING

1999 SOCIAL SECURITY CHANGES

MAXIMUM TAXABLE EARNINGS. The maximum earnings on which Social Security taxes (6.2%) are withheld increased to **\$72,600**. There is no limit for Medicare (1.45%).

QUARTER OF COVERAGE. The amount of wages needed to earn a Social Security credit (a quarter of coverage) is now **\$740**. Forty quarters are needed to be able to receive benefits upon eligibility. However, in calculating benefits, Social Security will look at the individual's entire work record and select the highest 35 years of earnings.

RETIREMENT EARNINGS LIMIT. The amounts recipients may earn as wages during 1999 without affecting their benefits are:

up to age 65	\$9,600/yr. (\$800/mo.)
age 65-69	\$15,500/yr. (\$1,292/mo.)
age 70+	no limit

NOTE: For people under age 65, \$1 in benefits will be withheld for every \$2 in earnings above the limit. For people age 65 through 69, \$1 in benefits will be withheld for every \$3 in earnings above the limit.

COLA. The 1999 Social Security cost-of-living adjustment is **1.3%**.

HOSPITAL INSURANCE PART A. The monthly premium remains \$309. **NOTE:** This premium is paid only by individuals who are not eligible for Social Security benefits or who are not otherwise eligible for premium-free hospital insurance. The Part A deductible is now **\$768**.

SUPPLEMENTAL MEDICARE INSURANCE PART B. The Part B deductible remains \$100. The monthly premium is now **\$45.50**.

If you have any questions, call the Social Security Administration toll-free at 1-800-772-1213 or call the local office nearest you. You may also access Social Security and Medicare information on-line at: www.ssa.gov.

Accruing leave with state agencies

If you work for a state agency or department, then you know most of them have the same annual leave policy—you accrue up to so many days per calendar year, and after 10 years of service, the longer you've worked for the state, the more hours per month you accrue. During our careers, most of us will change employers at least once, whether to another agency, school, the private sector, etc. But, can changing employers or having a break in state employment negatively affect the rate at which you accrue annual leave? No!

The rate of leave accrual depends on the number of years you have worked for any

and all state agencies, regardless of any gap in your employment or withdrawal of your retirement contributions. Previous service with a public school district of this state may also be included in determining your annual leave accrual rate. You do not have to repay any withdrawals from the Retirement Systems in order to count previous service toward accruing leave. This applies only to annual leave accrual and does not apply to service credit toward retirement or toward eligibility for health insurance at retirement.

For example, a state employee works for 10 years, leaves employment, and takes a

withdrawal.

That individual will still have 10 years of state service for the purpose of the leave accrual rate should that person ever return to work for another state agency. A member does not have to buy back the withdrawal in order to count those years toward leave accrual. To ensure the correct leave is maintained, the new state employer may require written confirmation from the previous state employer.

This applies only if old and new employers follow the provisions of the Annual

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ACCRUING LEAVE WITH STATE AGENCIES

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Leave Act (see §8-11-610 and §8-11-640 of the S.C. Code of Laws). Such employers may include state agencies, departments, and institutions of higher education (excluding faculty positions). Contact your personnel/benefits office if you have any questions regarding your employer's annual leave policy. ✍

THINGS RETIREES WISHED THEY'D DONE

Planning for retirement, your regrets can be fewer and your rewards greater. A USA Today opinion research poll sampled retirees throughout the country and asked what things they could have done as employees to make retirement more successful. Here's how they responded:

- ✓ **78%—Planned better for retirement;**
- ✓ **42%—Saved more money;**
- ✓ **37%—Opened an IRA or 401(k) account;**
- ✓ **33%—Contributed to annuities;**
- ✓ **30%—Invested in real estate;**
- ✓ **30%—Sought assistance from financial advisors.** ✍

Meet your advisory board...

Though it's been around since 1976, you may not know the S.C. Code of Laws established a *Retirement and Pre-retirement Advisory Board* to advise the Retirement Systems' director on retirement and pre-retirement policies and programs. The board reviews programs and policies, proposes recommendations, and identifies major issues for consideration.

The advisory board consists of eight members appointed by the State Budget and Control Board. Members may serve up to two consecutive four-year terms or until their successors are appointed and qualified to serve (the chairman, vice chairman, and

secretary serve for two-year terms). Recommendations for prospective advisory board members come from associations, groups, and individuals. Current members and their representative groups are listed in the table following this article.

The advisory board meets once a year with the Retirement Systems' director, once a year with the Office of Human Resources director, and once a year with the Budget and Control Board. They are empowered to seek staff assistance from the Retirement Systems, Office of Human Resources, and other agencies as needed. They may also use such resources as faculty and students at

South Carolina State Budget and Control Board

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Governor

Grady L. Patterson, Jr.
State Treasurer

James A. Lander
Comptroller General

John Drummond
Chairman, Senate Finance Committee

Henry E. Brown, Jr.
Chairman, Ways and Means Committee

Luther F. Carter
Executive Director

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state-supported universities, colleges, and technical schools.

The advisory board also brings comments and feedback from employees and retirees across the state. At their last meeting on December 17, 1998, they discussed matters relating to the customer service, legal, imaging, and service purchase departments at the Retirement Systems. In addition, the members presented concerns regarding the issue of earnings limitations for retirees. This matter is currently being reviewed by the Retirement Systems. Expect more information in future issues of *Systems Update*. ✍

Advisory Board Members

One representing <i>municipal employees</i>	L. C. Greene , <i>Town of Lexington</i> (term ends 9/1/99)
One representing <i>county employees</i>	Katleen K. Williams , <i>S.C. Association of Counties</i> , Columbia (term ends 4/14/02)
Three representing <i>state employees</i> (one of whom must be retired)	William C. Gibson , <i>S.C. Criminal Justice Academy</i> , Columbia (Chairman—term ends 9/1/99) Alfonso J. Evans , <i>Retired</i> , Charleston (Vice Chairman—term ends 9/1/99) Marimac Saxon , <i>S.C. Department of Corrections</i> , Columbia (term ends 4/14/02)
Two representing <i>public school teachers</i> (one of whom must be retired)	Lynda Leonard , <i>Cleveland Elementary School</i> , Spartanburg (Secretary—term ends 9/1/99) Linda L. Bush , <i>Retired</i> , SCEAR, Columbia (term ends 4/14/02)
One representing <i>higher education teachers</i>	Alan S. Krech , <i>S.C. Commission on Higher Education</i> , Columbia (term ends 4/14/02)